SLC 15-2
2/26/90

JANUARY 1990

OREGON LABOR TRENDS

State of Oregon • Employment Division • Department of Human Resources

INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)

Dec.	1989	5.4
Nov.	1989	5.6
Dec.	1988	5.2

United States (Seas. Adj.)

Dec.	1989	5.3
Nov.	1989	5.3
Dec.	1988	5.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon (1977=100)

Dec.	1989	129.8
Nov.	1989	129.1
Oct.	1989	128.6
Sept.	1989	128.0
Aug.	1989	127.8

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon

Nov.	1989	$10.85
Oct.	1989	$10.82
Nov.	1988	$10.65

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

Nov.	1989	38.8
Oct.	1989	40.2
Nov.	1988	39.2

CONSUMER PRICE INDEX (CPI)

1982-84=100
ALL URBAN CONSUMERS

Portland-Vancouver	
Jan.-June 1989	119.3
Yearly change	5.0%
Annual Average 1988	114.7
Yearly change	3.4%
United States	
Dec. 1989	126.1
Yearly change	4.6%
Annual Average 1989	124.0
Yearly change	4.8%

Portland Hotline 221-4132

BACK IN DECEMBER'S SHADOW

Duane Ackerson

On January 27, my family celebrated the Chinese New Year at a highly recommended Cantonese restaurant called the "Looking Back Garden Restaurant." We had just seated ourselves there, anticipating an excellent dinner, when the waiter appeared at our table carrying our bill and a large bowl heaped high with fortune cookies.

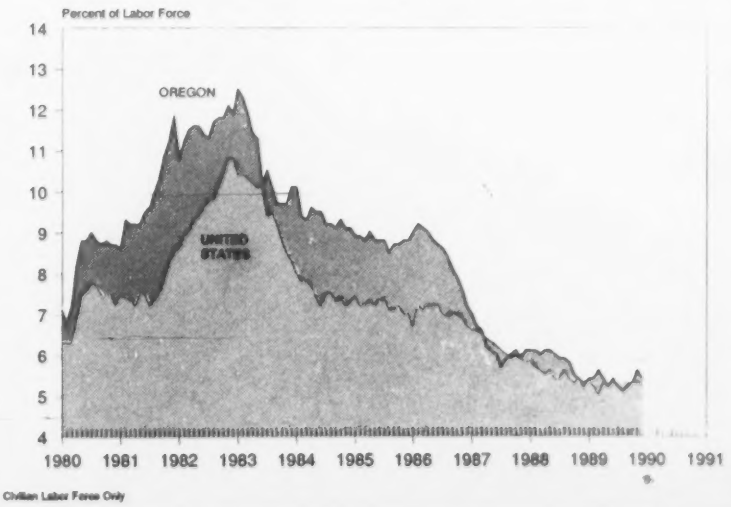
For a moment I was startled at being offered the conclusion of the meal first, and then remembered our friends saying that the name of the restaurant was quite appropriate, and that we should expect to have our meal served in reverse. I was astounded to discover that the bill for the meal we had not yet ordered reflected exactly what we would have asked for, given the opportunity.

The first cookie, which my wife opened, said: "Sometimes the past is almost as elusive as the future." The second cookie, opened by my daughter, read : "'The Tigers of Wrath are wiser than the Horses of Instruction'-- William Blake, *Songs of Innocence and Experience*." After that, the main course arrived, and we started in on it. However, since the fortune cookies were situated near me, I found myself idly opening one after another as the meal proceeded. Here, in the random order in which these missives were opened, was what I read:

Third cookie:

December 1989 was, generally speaking, a good month. The seasonally adjusted measure of employment, the nonagricultural wage and salary employment index, took a major upward leap of 0.7 from 129.1 in November to 129.8 for the current month. The strong showing for this index is a sign that the economy was growing at a particularly healthy pace in December. The index was up because the increase in payroll jobs was higher than expected over the month due, in part, to settlement of the Boeing strike.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES
OREGON AND THE UNITED STATES



Fourth cookie:

Nonfarm payroll employment reached 1,222,500, which was down 1,900 from November. This payroll level was 28.9 percent higher than the worst December of the 1980-82 recession, December 1982, with nonfarm wage and salary employment of 948,300.

Fifth cookie:

The U.S. seasonally adjusted unemployment rate in December, at 5.3, was unchanged from November's rate. Meanwhile, in Oregon, the seasonally adjusted unemployment rate, at 5.4, was down 0.2 from November's revised rate, though also a slight two-tenths of a point higher than the 5.2 rate registered in December 1988.

An area of services showing particular strength was health services. . .

The messages after that grew increasingly wordy. Locating my reading glasses, I dove into the content of the sixth cookie:

Total manufacturing employment, at 215,900, was down 1,500 from November. Within manufacturing, lumber and wood products lost fewer workers than expected at this time of year, only declining 700 overall from November. A few mills reopened, increasing employment in veneer and plywood by 200, and millwork and structural wood was also up by a comparable amount. Logging operations contributed most to the decline in lumber and wood products losing 1,000, over twice the expected decrease, as several logging operations cut employment or shut down early due to low timber contract volume. Within durable goods, the other durables sector, the portion that remains once lumber and wood products is excluded, was up 1,800, assisted in large part by the return, after resolution of a labor dispute, of 1,700 Boeing workers employed in a machining operation in Portland.

Seventh cookie:

Total nonagricultural wage and salary employment was 39,200 above December 1988. The nonmanufacturing sector, at 1,006,600, accounted for 36,000 of the increase, with manufacturing providing the balance. Within nonmanufacturing, construction lost 1,600 instead of the 1,800 that would have been par for the season. Construction has enjoyed a good year; its December level was 3,000 higher than in December 1988. Trade reflected a strong Christmas season, gaining 3,200 overall, with 500 of this from wholesale and 2,700 from retail. About half the gain in retail trade (1,300) came from the sector most likely to be impacted by Christmas buying, general merchandise. However, people were a little less likely to find a car with a bow under the Christmas tree; auto dealers and service stations declined in employment by 200. Christmas shoppers also did not find a white Christmas on their list; though amusement and recreation services were up by 400, this gain was less than expected due to skimpy amounts of snow in ski areas. Services were down by 1,000, rather than the expected 1,700, in December. An area of services showing particular strength was health services, up by 500 jobs.

Eighth cookie:

Within government, the federal government showed a good December gain in its U.S. Postal Service, up by 400. This increase reflects additional temporary help hired to assist with the Christmas-related deluge of cards, letters, and packages, including the increased mailings to the North Pole.

Ninth cookie, perused while sipping wonton soup:

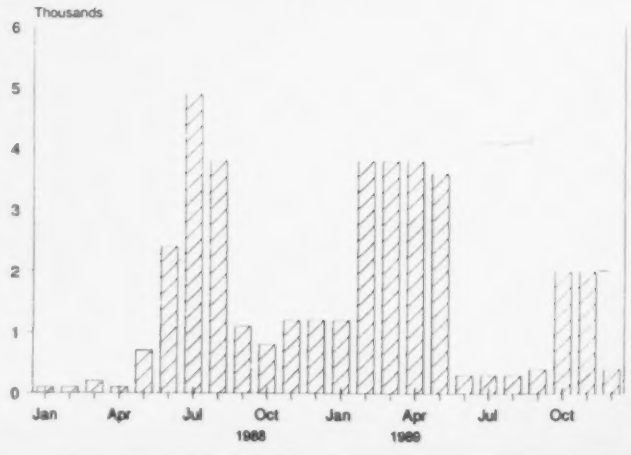
The bill you received earlier was for the meal. You are now about to receive a bill for this order of fortune cookies. Though it may seem a bit excessive, keep in mind that, in a sense, you have consumed the equivalent of 9 Chinese dinners, since patrons are normally allowed only one cookie per meal. And remember, too, that though your appetite for fortunes may be somewhat jaded at this time, you are about to receive one complimentary future along with these messages from the past. We predict that when you leave, you will receive a novel treat as you pay, a rare souvenir calendar from "The Year of the Groundhog."

As we were going, my wife remarked, "I thought this was the Year of the Horse?" Scratching our heads, and considerably lighter about the billfold, we exited, just as the waiter was pouring water and tea and placing our menus on the table. Out on the sidewalk, I was startled to see my shadow, looking as long as a Chinese New Year's dragon, in back of me. I had expected it to be darker outside by this time, and there weren't any streetlights nearby to help produce an artificial shadow. Then, I thought of something Confucius might have said in an off-moment. "History casts a deep shadow, but the events of the recent past cast, at times, a longer one. For history is always at high noon, its shadow short but concentrated, while the passing show is all over the place."

We got in our '71 Datsun and drove away from the Looking Back Garden Restaurant. □

NONFARM WAGE & SALARY EMPLOYMENT INDEXES
(SEASONALLY ADJUSTED)

OREGON WORKERS ON STRIKE



RESIDENT OREGON LABOR FORCE

	DEC.[1] 1989	NOV.[2] 1989	CHANGE	%CHANGE	DEC.[3] 1988
CIVILIAN LABOR FORCE[3]	1,420,100	1,424,000	-3,900	-0.3	1,414,300
UNEMPLOYMENT	72,300	73,200	-900	-1.2	69,300
PERCENT OF LABOR FORCE	5.1	5.1	XXX	XXX	4.9
SEASONALLY ADJUSTED PERCENT	5.4	5.6	XXX	XXX	5.2
TOTAL EMPLOYMENT[4]	1,347,800	1,350,800	-3,000	-0.2	1,345,000

[1]*Preliminary.*
[2]*Revised.*
[3]*Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting.*
[4]*Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants.*
[5]*Due to revised estimating procedures between December 1988 and January 1989, data for 1989 and that of previous years are not strictly comparable.*

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	DEC.[1] 1989	NOV.[2] 1989	DEC. 1988	CHANGE FROM NOV. 1989	CHANGE FROM DEC. 1988
TOTAL[3]	1,222,500	1,224,400	1,183,300	-1,900	39,200
WAGE & SALARY EMPLOYMENT INDEX[4]	129.8	129.1	125.7	XXX	XXX
TOTAL MANUFACTURING	215,900	217,400	212,700	-1,500	3,200
DURABLE GOODS	158,400	157,300	156,400	1,100	2,000
LUMBER & WOOD PRODUCTS	66,800	67,500	68,500	-700	-1,700
LOGGING & SAWMILLS	33,100	34,100	34,900	-1,000	-1,800
VENEER & PLYWOOD	16,500	16,300	16,800	200	-300
MILLWORK & STRUCTURAL WOOD	10,900	10,700	10,600	200	300
MOBILE HOMES	1,900	1,900	1,800	0	100
OTHER WOOD PRODUCTS	4,400	4,500	4,400	-100	0
FURNITURE AND FIXTURES	2,700	2,800	2,600	-100	100
STONE, CLAY, GLASS & CONCRETE	4,500	4,600	4,200	-100	300
PRIMARY METALS	11,500	11,300	10,600	200	900
BLAST FURNACES, IRON & STEEL	6,800	6,700	6,300	100	500
NONFERROUS METALS	4,700	4,600	4,300	100	400
FABRICATED METALS	10,600	10,700	11,800	-100	-1,200
FABRICATED STRUCTURAL METALS	4,300	4,400	5,200	-100	-900
OTHER FABRICATED METALS	6,300	6,300	6,600	0	-300
MACHINERY	18,600	18,500	17,500	100	1,100
ELECTRICAL EQUIPMENT & SUPPLIES	17,600	17,500	16,100	100	1,500
TRANSPORTATION EQUIPMENT	11,600	9,600	10,100	2,000	1,500
INSTRUMENTS & RELATED PRODUCTS	11,000	11,000	11,500	0	-500
MISCELLANEOUS MANUFACTURING	3,500	3,800	3,500	-300	0
NONDURABLE GOODS	57,500	60,100	56,300	-2,600	1,200
FOOD & KINDRED PRODUCTS	21,800	24,400	21,900	-2,600	-100
CANNING & PRESERVING	9,900	12,200	10,300	-2,300	-400
OTHER FOOD PRODUCTS	11,900	12,200	11,600	-300	300
TEXTILE MILL PRODUCTS	1,700	1,700	1,700	0	0
APPAREL	2,700	2,600	2,700	100	0
PAPER & ALLIED PRODUCTS	9,100	9,100	8,400	0	700
PRINTING & PUBLISHING	14,100	14,100	13,800	0	300
CHEMICALS & ALLIED PRODUCTS	2,300	2,300	2,200	0	100
PETROLEUM REFINING	500	500	500	0	0
RUBBER & PLASTIC PRODUCTS	4,800	4,800	4,600	0	200
LEATHER PRODUCTS	500	600	500	-100	0
TOTAL NONMANUFACTURING	1,006,600	1,007,000	970,600	-400	36,000
MINING & QUARRYING	1,400	1,500	1,400	-100	0
CONSTRUCTION	43,100	44,700	40,100	-1,600	3,000
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	65,900	64,600	62,300	1,300	3,600
TRANSPORTATION	43,900	42,700	40,900	1,200	3,000
RAILROAD	3,700	3,800	3,800	-100	-100
TRUCKING & WAREHOUSING	24,800	23,800	22,800	1,000	2,000
OTHER TRANSPORTATION	15,400	15,100	14,300	300	1,100
COMMUNICATIONS	12,900	12,900	12,600	0	300
UTILITIES	9,100	9,000	8,800	100	300
TRADE	324,100	320,900	307,200	3,200	16,900
WHOLESALE TRADE	80,500	80,000	75,200	500	5,300
DURABLE GOODS	47,200	46,800	44,000	400	3,200
NONDURABLE GOODS	33,300	33,200	31,200	100	2,100
RETAIL TRADE	243,600	240,900	232,000	2,700	11,600
GENERAL MERCHANDISE	35,100	33,800	32,700	1,300	2,400
FOOD STORES	41,100	40,300	38,900	800	2,200
AUTO DEALERS & SERVICE STATIONS	28,300	28,500	27,600	-200	700
OTHER RETAIL TRADE	139,100	138,300	132,800	800	6,300
FINANCE, INSURANCE, & REAL ESTATE	75,500	75,400	74,300	100	1,200
BANKING & CREDIT AGENCIES	23,500	23,600	23,700	-100	-200
OTHER FINANCE, INSURANCE, & REAL ESTATE	52,000	51,800	50,600	200	1,400
SERVICES	276,000	277,000	268,300	-1,000	7,700
HOTELS & PERSONAL SERVICES	27,500	27,900	26,900	-400	600
HEALTH SERVICES	85,700	85,200	79,800	500	5,900
OTHER SERVICES	162,800	163,900	161,600	-1,100	1,200
GOVERNMENT	220,600	222,900	217,000	-2,300	3,600
FEDERAL GOVERNMENT	32,100	32,000	32,500	100	-400
STATE GOVERNMENT	59,400	60,100	59,600	-700	-200
EDUCATION	25,500	25,800	25,200	-300	300
OTHER STATE	33,900	34,300	34,400	-400	-500
LOCAL GOVERNMENT	129,100	130,800	124,900	-1,700	4,200
EDUCATION	82,300	83,900	79,900	-1,600	2,400
OTHER LOCAL	46,800	46,900	45,000	-100	1,800
LABOR - MANAGEMENT DISPUTES	400	2,000	1,200	-1,600	-800

[1]*Preliminary.*
[2]*Revised.*
[3]*Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.*
[4]*Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).*

1990 OUTLOOK - IS THE PARTY OVER?

Jeff Hannum

Although Santa Claus is long gone, leaving a trail of monthly statements in his wake, most Oregonians continue to enjoy the gift of economic health as a new year and new decade dawns.

As reported in last month's **Labor Trends**, 1989 was a banner year! In fact, 1988 and 1989 were the two best years of the 1980s, a decade of contrasts marked by the longest and deepest recession in Oregon (1980-1982) and also the longest peacetime economic expansion (1983-?). The state's unemployment rate dropped for the seventh straight year in 1989 to the lowest level in 20 years (about 5.4%), and employment grew faster than nationally for the fourth year in a row.

Based on preliminary estimates, Oregon's nonagricultural wage and salary employment grew by 4.7% in 1988 (third fastest in the nation) and by 3.7% in 1989 (ranking about eighth). Annual benchmark revisions of this payroll employment series have just been completed by Employment Division research staff. These indicate that Oregon's growth has been even stronger than originally thought (5.1% in 1988 and 4.4% in 1989). The largest upward revisions came in the booming construction industry and in services, especially business services, miscellaneous repair services, social services, and professional services. An article in next month's issue of **Labor Trends** will discuss the results of the 1988-89 industry employment revisions in more detail.

But while Oregon's past economic star glows even brighter, the outlook for 1990 is no super nova. Instead, we can expect much slower employment growth and probably the first annual increase in unemployment since 1982 as the state's population and labor force grow faster than total employment. Oregon's economy, however, should once again out-perform the nation which appears to be teetering on the brink of recession. If the nation's economy does go over the edge in 1990, and recent trends are not encouraging, Oregon's economy could weaken rapidly given its reliance on forest products and capital goods manufacturing.

Recent economic data confirm that the U.S. economy has slowed to a crawl. Although inflation remains mired in the 4 1/2 to 5% red zone, gross national product, the broadest measure of the nation's economic health, plummeted to only a 0.5% annual growth rate in the final quarter of 1989. For comparison, growth rates in the first three quarters of 1989 were 3.7%, 2.5%, and 3.0%. Special factors like Hurricane Hugo, the San Francisco earthquake, and the Boeing strike magnified the slump but the Commerce Department blamed the sharp drop primarily on lower consumer spending (especially for autos), a deteriorating trade deficit, and a slump in business investment spending. Other red flags include a rise in business inventories, weak corporate earnings, a softening labor market including steady job losses in manufacturing since last spring, rising inflation and interest rates abroad, and a major sell-off in the stock market during January. Meanwhile, the nation's unemployment rate, which is more of a lagging economic indicator, has been surprisingly stable at about 5.3% since last spring.

. . .the Fed may be unable to pull another rabbit out of the hat to avoid recession in 1990. . .

The nation's current economic malaise stems in large part from the Federal Reserve's efforts during 1988 and early 1989 to contain inflation by tightening credit. Just as the dollar's dramatic rise in foreign exchange value during the early 1980s led to low inflation and a ballooning trade deficit, the dollar's equally sharp drop in value between 1985 and 1988 set the stage for renewed inflation, slower import growth, and a boom in exports. The surge in foreign demand for U.S. exports coupled with more costly imports gave many manufacturing industries a new lease on life. Many factories operated at virtually full capacity, profits and employment rose, and business investment in new plants and equipment increased strongly. But midway through 1989, it was clear that the export-led booster shot to manufacturing was losing steam. As signs of growing weakness mounted, the Federal Reserve shifted last summer to a policy of lower interest rates to ensure that the economy's "soft landing" wouldn't degenerate into a full-blown recession. As a result, the prime interest rate that banks use as a benchmark for setting rates on a variety of other short-term loans has fallen from 11 1/2% last June to 10% this January.

So far, these rate declines have not been very effective and the economy has continued to lurch toward recession. The consensus forecast, however, has been that the Federal Reserve will ride to the rescue by pushing interest rates even lower in the first half of 1990 and that consumers, still fully-employed and undaunted by the growing signs of weakness, will continue to spend merrily away. As a result, the nation's economy will pull out of its tailspin during the first half of 1990, just in time to avert a recession, then slowly regain momentum after mid-year. Although this consensus scenario is still quite likely, recent events could soon transform this into the optimistic scenario.

The glitch in this outlook is twofold. First, domestic inflation is likely to get worse rather than better in early 1990 as December's severe cold spell across much of the nation begins to boost fruit and vegetable and energy prices.

Also, tight labor markets and rising labor costs, especially for employee health insurance benefits, threaten to add further to inflationary pressures. This, together with current consumer and producer goods inflation rates in the 4 1/2 to 5% range, are not likely to encourage the Fed to provide much more economic stimulus.

Secondly, even if the Fed wanted to lower interest rates further, its hands may be tied by recent international events. Rising inflation overseas has caused Japan and key European nations to tighten credit. Since the U.S. is now so dependent on foreign investors to help finance its budget and trade deficits, long-term rates in the U.S. tend to rise along with the international competition. In short, it's a catch-22 that reflects our growing vulnerability to international economic forces. The realization that the Fed may be unable to pull another rabbit out of the hat to avoid recession in 1990 coupled with recent reports of growing weakness in many key indicators took a heavy toll on financial markets in January. Perhaps the most important question now for the 1990 outlook is how will the Fed and consumers respond to the pattern of conflicting and often negative economic trends over the next few months? Since consumer spending accounts for about two-thirds of the nation's total economic activity, the various indicators of consumer confidence, which have shown some erosion in recent months, may be the most important barometers to watch.

Regardless of whether the nation has a soft or hard landing in 1990, Oregon's economy should again fare better than the U.S., even though it will

slow. Rapid population in-migration during the past couple of years is expected to continue through at least 1990 providing an added boost to many economic sectors including residential and nonresidential construction, trade, and a wide range of services. Although hard data are not available, it is likely that most of these new residents are either retirees, skilled workers, or entrepreneurs relocating small businesses to Oregon from other states like California.

International trade should be another net plus for Oregon in 1990. Although the peak of the export boom is past, foreign demand for the state's agricultural, forest, and manufactured products is likely to continue growing for the fourth straight year. Expectations of a stable to lower value for the dollar in 1990 due to the likelihood of lower U.S. interest rates should also help to boost Oregon's export sales.

One of the star performers in Oregon over the past two years was construction which experienced annual employment gains of about ten percent. In 1990 this industry will catch its breath. Employment may even slip a bit, despite the prospect of lower interest rates, as some large nonresidential projects are completed and the torrid pace of apartment construction slows, especially in the Portland area. Residential construction, however, will still be strong in 1990 due to favorable financial conditions, population growth, and low vacancy rates in many areas of the state. Other factors that will help to support current high levels of construction in Oregon are fabrication of oil and gas-handling modules for sealift to Alaska this summer and an increase in state highway work.

Despite weaker national and regional economic conditions in 1990, prospects for Oregon's tourism-related industries are good. As long as personal income, employment, and consumer confidence levels remain healthy, tourism will continue to grow. Recent population gains will also result in more intra-state travel and recreation as the trend towards more frequent short-duration trips continues.

There are other factors likely to boost tourism and trade-related industries this year. One is Washington State's promotion of its Goodwill Games which is likely to benefit mainly the I-5 corridor and the Oregon Coast. Another is the hefty income tax refund that many Oregonians will enjoy when they file their 1989 state tax return. Since Oregon's booming economy generated a lot more tax revenue last year than projected most of us will receive a 9.8% tax credit.

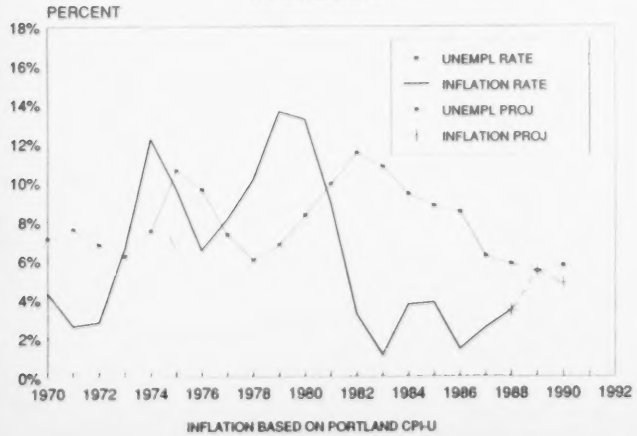
In addition to tourism, Oregon's large and diverse agricultural sector should also do well in 1990. Recent projections by agricultural economists at Oregon State University indicate that gross farm sales and net farm income in Oregon are likely to reach new highs this year, even though production costs will also rise. Although market prices for some farm commodities will soften as production levels increase in this cyclical and weather-sensitive industry, the most immediate areas of concern for agriculture are not directly market-related according to James Cornelius, an OSU agricultural economist. Instead, "apprehension is focused on the expanding degree of regulatory and consumer-driven input on food safety, chemical use, and natural resource management."

Oregon's economy this year will also get a boost of sorts from two unusual areas. First, 1990 is an election year. Among other things, this means that many industries will benefit, either directly or indirectly, from political campaign spending. Secondly, it is also the year of the 1990 decennial census. As a result, the federal government will hire several thousand "bean counters" to gather and process census data throughout the state. Most of this activity will fall between March and late summer.

While Oregon does have a number of positive influences to draw on in 1990, its economic Achilles' heel will once again be the lumber and wood products industry which employs about one-third of all manufacturing workers in the state. Those mills most dependent on federal timber sales could find themselves chainsawed by a combination of slumping demand and prices for finished wood products, declining log supplies, and higher operating costs, particularly for raw timber which is currently fetching record-high bid prices.

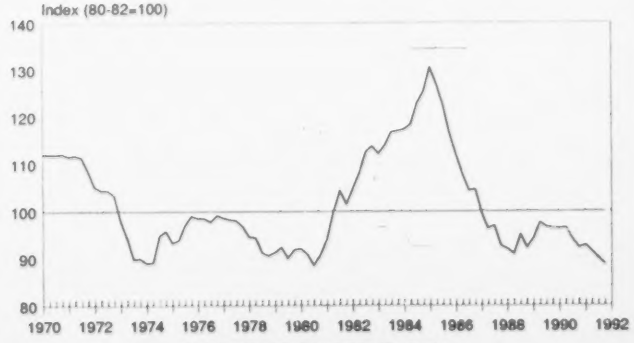
Although last fall's congressional compromise calls for a big increase in the volume of federal timber sales this year to at least partially make up for last year's low level, this is no panacea for the forest industry's long-term timber supply problem. Even if the U.S. Forest Service and BLM can meet the high timber sale targets required by congress, this only covers the FY 1989-90 period which expires at the end of September. Beyond that, the volume of federal timber sold in the next decade will depend mainly on the forest management plans now being finalized for the 13 national forests in Oregon (plans for BLM lands will be developed in the

INFLATION AND UNEMPLOYMENT RATES
IN OREGON



INFLATION BASED ON PORTLAND CPI-U

REAL EXCHANGE RATE
U.S. DOLLAR VS 40 CURRENCIES
(USING REAL MORGAN GUARANTY INDEX, MG40)



DATA FOR 4TH QUARTER '89 THRU
4TH QUARTER '91 ARE PROJECTIONS

early 1990s) and annual budget appropriations for BLM and the Forest Service.

With respect to the new forest plans, we can probably expect a significant decline in federal timber harvests in most areas of the state. The amount of decline will also depend heavily on whether the northern spotted owl is formally listed as a threatened or endangered species by the U.S. Fish and Wildlife Service. A final decision is due by late June unless an extension is granted. Adding to the current uncertainty is the liklihood that many, if not all, of the "final" forest plans may be appealed. At this writing, all three of the final plans issued to date (Siskiyou, Fremont, and Ochoco) are being challenged.

Even after all the new forest plans are adopted, the final hurdle will still depend on annual appropriations and legislative directives from congress. As forest management issues involving timber harvests, recreation, wildlife and old-growth forest protection become more national in scope more limitations on sawtimber supplies are possible in the 1990s. The net effect of all these factors on the wood products industry, not only in 1990 but also during the next decade, is a growing cost-price squeeze that will take a significant toll on both the number of employees and employers. Based on the December 1989 Oregon Economic and Revenue Forecast prepared by the Executive Department's Office of Economic Analysis, the employment loss in just 1990 will be 2,600 in lumber and wood products.

Excluding wood products, the balance of Oregon's manufacturing sector should fare better. Employment gains will be much harder to come by, however, as the decline in corporate earnings and weaker national economy deflates capital spending on new plants and business equipment. Although Oregon's durable goods manufacturing industries primarily produce capital goods for sale to other businesses rather than consumer goods, employment levels this year at least are likely to be supported by several factors. These include good order backlogs (though these can be cancelled), the strength of the Boeing Company and commercial aircraft-related industries, foreign exports, and the generally longer lag times required by capital goods-oriented firms to complete projects already in the pipeline. The state's diversified electronics industry will probably exhibit a more schizophrenic pattern as some firms are able to achieve good success in this year's weaker and more competitive economy while other firms are forced to restructure and down-size their operations.

In summary, the nation's record-long economic expansion will face its stiffest test yet this year. If the Fed can pull off one more rabbit and if consumers remain even reasonably optimistic, this party might not be over in 1990. Whether it was or wasn't, however, we might not know it until the year 2000 when the government makes its "final" statistical revisions. □

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Nov.[2] 1989	Oct.[3] 1989	Nov. 1988	Nov.[2] 1989	Oct.[3] 1989	Nov. 1988	Nov.[2] 1989	Oct.[3] 1989	Nov. 1988
TOTAL MANUFACTURING[4]	$420.98	$434.96	$417.48	38.8	40.2	39.2	$10.85	$10.82	$10.65
Durable Goods	426.97	445.91	424.63	39.1	40.5	39.5	10.92	11.01	10.75
Lumber & Wood Products	429.96	448.54	421.76	38.7	40.3	38.8	11.11	11.13	10.87
Logging & Sawmills	457.82	483.57	449.28	38.7	40.5	38.4	11.83	11.94	11.70
Veneer & Plywood	423.65	445.26	417.59	39.3	41.0	39.1	10.78	10.86	10.68
Millwork & Structural	358.72	357.44	349.27	37.8	38.6	39.2	9.49	9.26	8.91
Mobile Homes	366.81	355.04	332.51	39.4	38.3	37.7	9.31	9.27	8.82
Other Wood Products	430.91	429.60	416.30	38.1	40.3	40.3	11.31	10.66	10.33
Furniture & Fixtures	386.54	398.60	328.61	38.5	39.9	37.3	10.04	9.99	8.81
Primary Metals	493.12	494.27	523.40	41.3	41.5	43.4	11.94	11.91	12.06
Fabricated Metals	399.60	398.50	386.28	39.1	39.3	39.7	10.22	10.14	9.73
Machinery (Ex Electrical)	440.43	445.20	441.29	39.5	40.0	39.9	11.15	11.13	11.06
Nondurable Goods	406.15	407.79	399.25	38.1	39.4	38.5	10.66	10.35	10.37
Food & Kindred Products	326.89	327.33	318.05	36.2	38.6	36.6	9.03	8.48	8.69
Canning & Preserving	265.30	284.52	261.85	34.1	38.5	35.1	7.78	7.39	7.46
Other Food Products	412.11	410.01	402.62	39.1	38.9	38.9	10.54	10.54	10.35
Textile Mill Products	260.25	266.81	251.62	36.5	36.6	36.1	7.13	7.29	6.97
Apparel	270.50	274.19	248.79	40.8	40.5	37.3	6.63	6.77	6.67
Paper & Allied Products	640.85	665.95	669.86	42.3	43.3	45.2	15.15	15.38	14.82
Printing & Publishing	454.71	482.22	436.64	36.7	38.0	36.6	12.39	12.69	11.93
Construction[4]	534.55	558.98	475.57	35.9	38.0	33.8	14.89	14.71	14.07
Communications & Utilities[5]	545.90	552.68	551.77	41.2	41.0	41.3	13.25	13.48	13.36
Trade[5]	316.11	323.52	300.16	34.1	34.9	33.5	9.27	9.27	8.96
Wholesale Trade	424.50	435.57	401.39	37.6	39.1	37.2	11.29	11.14	10.79
Retail Trade	262.76	266.34	252.17	32.4	32.8	31.8	8.11	8.12	7.93
Banking & Insurance[5]	351.25	369.76	336.70	36.1	38.8	37.0	9.73	9.53	9.10
State & Local Government	399.35	401.96	374.00						

[1]Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
[2]Preliminary
[3]Revised
[4]Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
[5]Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

THE 1990S JOB REVOLUTION . . . FACING THE FACTS

Dorothy Monnier

(Editor's note: This article discusses the workforce crisis that threatens America and highlights one community effort that is addressing this critical issue.)

In 1987, a study prepared for the U.S. Department of Labor, *Workforce 2000* warned the nation that a crisis of workforce quality was at hand, a crisis that would threaten the very foundation of the American economy. Today, demographic trends, technological change, and increased international competition already are creating shortages of skilled workers and an excess of unskilled workers.

The skills of our workforce have not kept pace with the more complex jobs found in today's economy.

The skills of our workforce have not kept pace with the more complex jobs found in today's economy. This skills gap must be bridged if our remarkable economic expansion is to continue, and if we are to succeed in the ever more competitive global marketplace.

This workforce crisis will require the attention of communities, businesses, labor unions, parents, teachers, students, and all levels of government.

Due to the far-reaching effects of the American workforce crisis, a Commission on Workforce Quality and Labor Market Efficiency was established by the Secretary of Labor in July 1988. Its charge was to make specific recommendations to the U.S. Department of Labor on ways to increase the excellence of the American workforce.

On September 1, 1989, the Commission presented its findings and recommendations to Labor Secretary Elizabeth Dole in a report entitled *Investing in People - A Strategy to Address America's Workforce Crisis*.

. . . education, training, and retraining are the essential keys to building a quality workforce.

The Commission's report leaves no doubt that education, training, and retraining are the essential keys to building a quality workforce.

Quoting Secretary of Labor Elizabeth Dole, "Many of our youth desperately need basic skills training, literacy, remedial education, counseling. How else will we break the cycle of unemployment and despair and arm our youth not just with a job, but with the independence, the self-respect, the skills necessary for a lifetime of productive work?"

While the Commission came up with a total of 44 key recommendations, we have selected a few samples:

- Improve the Job Training Partnership Act by targeting its resources on those most in need of remedial education.
- Develop a coherent system for post-secondary education and training for adults already in the workforce.
- Ease conflicts between work and family.
- Insure adequate child care for low-income parents.
- Establish school-based employment services between state Employment Security Agencies and Private Industry Councils (PICs), with direct connection to employers.

The Commission makes many more important recommendations that will receive careful consideration at the highest level of government.

The challenges facing all of us are:

- Who will train the workers of the future?
- Where will the money be found for placement and training programs?

One Community's Response

While national leadership and commitment of resources will be needed to build a quality workforce in the 1990s, the key to success is strong local involvement and cooperation between employers, schools, state and local governments, and the tax-paying public. An example of how one community is addressing the workforce quality issue is the Salem/Keizer Community Youth Employment Program.

At the end of 1988-89, the five Salem area high schools, Chemeketa Community College - High School Completion Program, the Oregon State Employment Division, and the Mid-Willamette Jobs Council initiated a Summer Work Experience Program at the Salem Downtown Learning Center. Initially, the program was created to allow 50 credit-deficient high school seniors to earn credits and graduate with their classmates. They were given the opportunity to attend three weeks of hands-on job awareness workshops. By attending all of these workshops, the credit-deficient students would receive credits towards their diplomas.

The program exceeded its projections. Sixty students successfully completed the program earning 1/2 to 2 credits each. Eighty-five percent of the students (60 out of 71) who were enrolled earned credits.

In order to gain work experience credit, students were required to complete various job-related assignments. After the assignments were satisfactorily completed, the total credits earned were determined by the total amount of hours worked. Sixty-six employers signed agreements to participate in the program. Nine employers employed more than one student and some students had more than one job.

During the 1989-90 academic year, the program added a Youth Employment Series. For three weeks students attended training sessions on Tuesday evenings from 6:30 - 8:00 p.m. The first session included a panel of local employers who told the youth what they were looking for when hiring new employees and the importance of job performance and communication skills. This session also included job search, interviewing techniques, and resume writing components.

The second session featured hands-on technical skill training. The training was held in the training center of a local department store with store personnel providing the instruction in such areas as cash register operation, credit-card transactions, and making correct change.

The third session provided information on the availability of jobs for youth in the local area, current demand occupations and projections of future demand, and job-related requirements.

Upon completing the 3-part series, students received a "Card of Completion" that can be presented to potential employers. The Salem-Keizer school district has proposed that this training series become a requirement of students enrolled in area high school career classes. Local initiatives such as the Salem-Keizer Community Youth Employment Program can and do make a valuable contribution toward the goal of building a quality Oregon workforce in the 1990s. □

NEW LMI PUBLICATION

Ken Lux

Question: What single publication produced by the Oregon Employment Division provides the most complete and detailed listing of employment and payroll information at the county and statewide levels?

Answer: **Oregon Covered Employment and Payrolls by Industry and County.** This annual publication is designed to meet the needs of students, business leaders, economic analysts, and a host of others in both the public and private sectors. The purpose of this article is to introduce those readers of **Oregon Labor Trends** who are not familiar with all of the information available through the Employment Division to another valuable source of labor market information.

The Covered Employment and Payrolls (CE&P) publication is compiled and published by the Covered Employment and Payroll (ES-202) unit of the Oregon Employment Division's Research and Statistics section. Unlike other data sources that use sample-based surveys to produce employment, payroll, or occupational estimates, CE&P draws its information directly from the quarterly tax reports filed by all employers covered by Oregon unemployment insurance (UI) tax law. Also included is information gathered from federal, state, and local government agencies.

The data is classified according to ownership (i.e., private vs. public), county location, and industry using the 1987 Standard Industrial Classification (SIC) Manual. The information is summarized and presented in a series of tables. Where required by Employment Division law regarding confidentiality, some data has been suppressed to prevent the publication of any information that could be identified with any individual firm.

As an introduction to the tabulated data, a description of the nature and limitation of the data is provided. Included in this section is a brief description of the SIC manual and changes in UI coverage that have occurred over time. Also included is information designed to assist the user of the data in drawing accurate conclusions when making year-to-year comparisons.

The coverage section of the publication is designed to identify those areas of Oregon's economy not covered by UI law and, therefore, not included in the summary data. This non-covered employment encompasses a small but varied portion of the economy. For example, the self-employed, certain agricultural, casual, and domestic employees are not covered. Also included in this category are, to name a few, minor children employed by a parent, elected officials, and members of the clergy. Another large group of workers not covered are those who derive their income solely from commission sales, which includes many real estate, securities, and insurance salespeople, and brokers.

Since accurate and current data is important to users, the Covered Employment and Payroll unit surveys one-third of all employers doing business in the state each year. The purpose of the survey is primarily to verify the industry code (SIC) assigned to represent what the firm does and to verify the location where the work is performed.

Also, since many large employers in Oregon have branch outlets, a supplemental report is required of these employers. Through the information provided by this report it is possible to identify where the employment is located for each branch. Without the report, the employment and related payroll levels in the larger counties where corporate headquarters are usually located would be disproportionately overstated. The opposite would be true of the other, smaller counties.

The data is presented in the publication with as much detail as possible to provide the maximum flexibility to the user.Knowing what the concentration of employment and payroll is in the state by county, ownership or industry type, and how it has changed over time will help the business person plan possible future expansion. When combined with other data sources, reliable estimates of future expansion or contraction can be produced.

The primary goal of **Oregon Covered Employment and Payrolls by Industry and County** is to provide a data source that gives the user a reliable tool to use in the pursuit of economic analysis. The 1988 edition of the publication should be available for distribution in late January. If you are not already on our mailing list and would like to receive a copy or would like additional information about the publication , please contact:

OREGON EMPLOYMENT DIVISION
Research and Statistics - RM 207
875 Union Street NE
Salem, OR 97311
Phone (503) 378-8654 □

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DEPARTMENT OF HUMAN RESOURCES
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